



COMMONWEALTH of VIRGINIA

Office of the Governor

Wayne Turnage
Chief of Staff

December 9, 2009

Mr. James D. Campbell
Executive Director
Virginia Association of Counties
1207 East Main Street, Suite 300
Richmond, Virginia 23219

Mr. R. Michael Amyx
Executive Director
Virginia Municipal League
P.O. Box 12164
Richmond, Virginia 23241

Dear Mr. Campbell and Mr. Amyx:

Pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), Executive Order 102 (2009) established the process for localities to notify the Governor of their intent to use or waive the Recovery Zone Economic Development Bonds and/or the Recovery Zone Facility Bonds that the locality was directly allocated by ARRA provisions. The table below summarizes the actions taken by localities.

Type of Bonds	Original Allocation	Allocated Retained by Localities	Available for Re-Allocation
Economic Development	\$104,396,000	\$57,026,000	\$47,370,000
Facility	\$156,595,000	\$52,080,000	\$104,515,000

Executive Order 102 further provides that as Chief of Staff to Governor Kaine, I am to establish the process for re-allocation of the bonds. This letter outlines the process that will be followed for such re-allocation and I ask that you share it with your membership as soon as possible. The deadline for application is January 5, 2010 and a one-page application is attached. There is a separate application for Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds.

It is my intent that the granting of the bond re-allocations will occur by January 12, 2010 so that local governments may include such re-allocated bonds in their planned financings of already allocated Recovery Zone bonds. As such, all applications for distribution of the bonds available for re-allocation must be made by an authorized official of the local governing body as defined in Executive Order 102. A local governing body may apply for such bonds "on behalf of" an economic development authority or similar body.

If applications received by January 5, 2010 request more than the amount of bonds available for re-allocation, the following criteria and weighting process will be used. These criteria are focused on job creation and economic recovery as required by ARRA and the criteria will be the same for the two different types of bonds.

Each complete application will start with a score of 5, with points added or subtracted based on these scoring of the criteria below.

- Unemployment rate between December 2007 and November 2009 (using VEC official data available as of December 31, 2009). An additional point will be added to the score if changes in the locality's unemployment rate is greater than the change to the statewide rate; or if the locality's unemployment rate is higher than statewide average in both 2007 and 2009. This item will be completed by the Governor's Office.
- Free/reduced lunch program eligibility for school year 2008-2009 (Department of Education official data dated May 1, 2009). An additional point will be added to the score if the locality's eligibility percentage is greater than 50 percent and a point will be subtracted if less than 33 percent. This item will be completed by the Governor's Office.
- Date of financial closing of bond sale. An additional point will be added if the financial close of the bond sale will occur in the 1st quarter of 2010.
- Date of actual construction start. An additional point will be added if the construction award date will occur in the 1st quarter of 2010.
- Amount of other funding in project. An additional point will be added if more than 25 percent of project funding is from other sources.

Re-allocated Recovery Zone Bonds that are re-allocated by January 12, 2010 must be financially closed by June 15, 2010 and notification and reporting requirements shall follow processes for the Original Allocation as outlined in EO 102. If any additional Recovery Zone bonds are waived or are returned after January 12, 2010, the re-allocation process will start again at the beginning of each month until all are allocated.

All applications must be postmarked, hand-delivered, or e-mailed by 5 pm on January 5, 2010 to Barbara Reese, Deputy Policy Director. Barbara's contact information is below and she can answer any additional questions you may have. Her phone number is (804) 225-4803.

Barbara W. Reese
Deputy Director of Policy
Office of the Governor, Room 3020
Patrick Henry Building
1111 E. Broad Street
Richmond, Virginia 23219

barbara.reese@governor.virginia.gov

On behalf of Governor Kaine, please share our gratitude to our local government leadership for their stewarding of ARRA funding and programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne" followed by a stylized, flowing surname.

Wayne M. Turnage